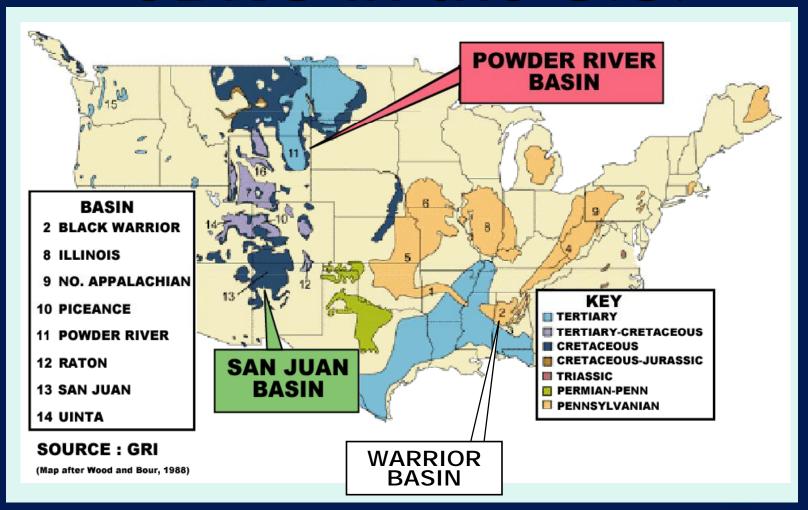


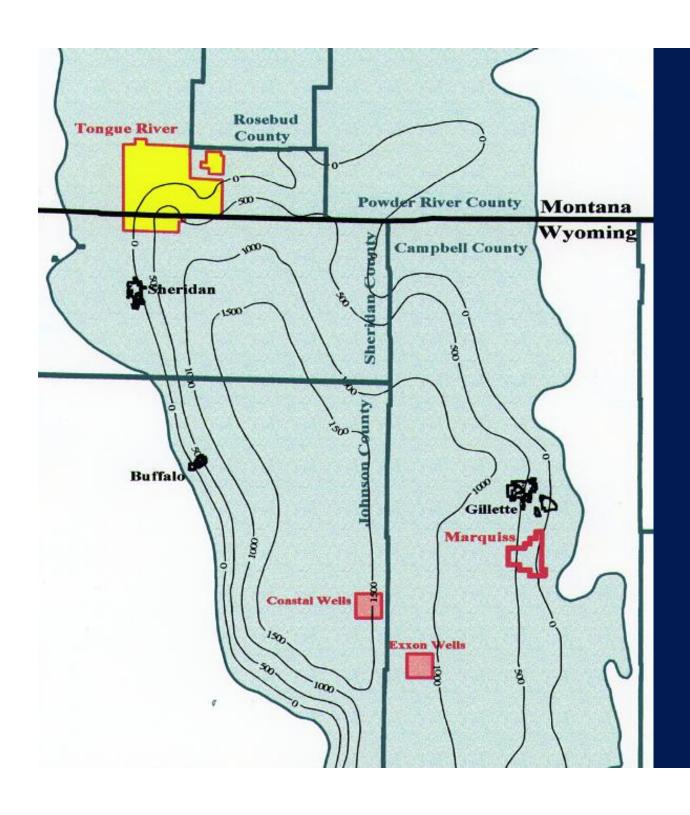




CBNG in the U.S.





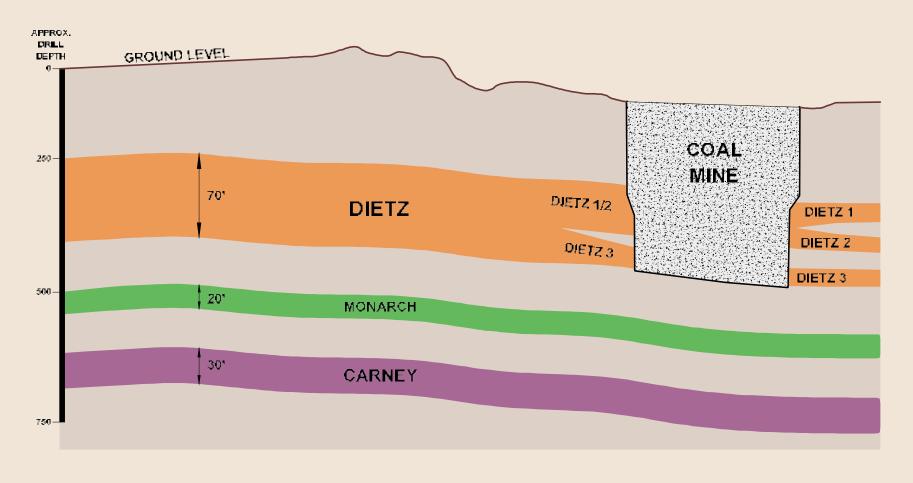


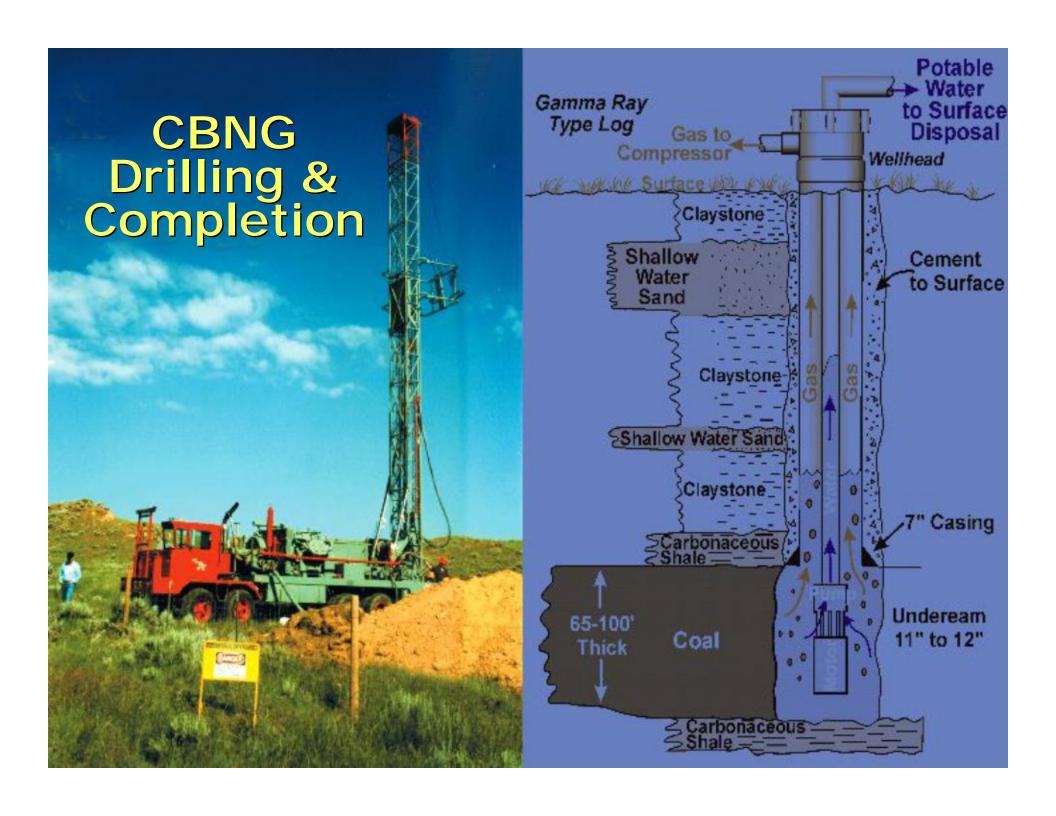
Powder River Basin with Fidelity Tongue River Project



KNOWN COAL SEAMS AND RELATIVE THICKNESS

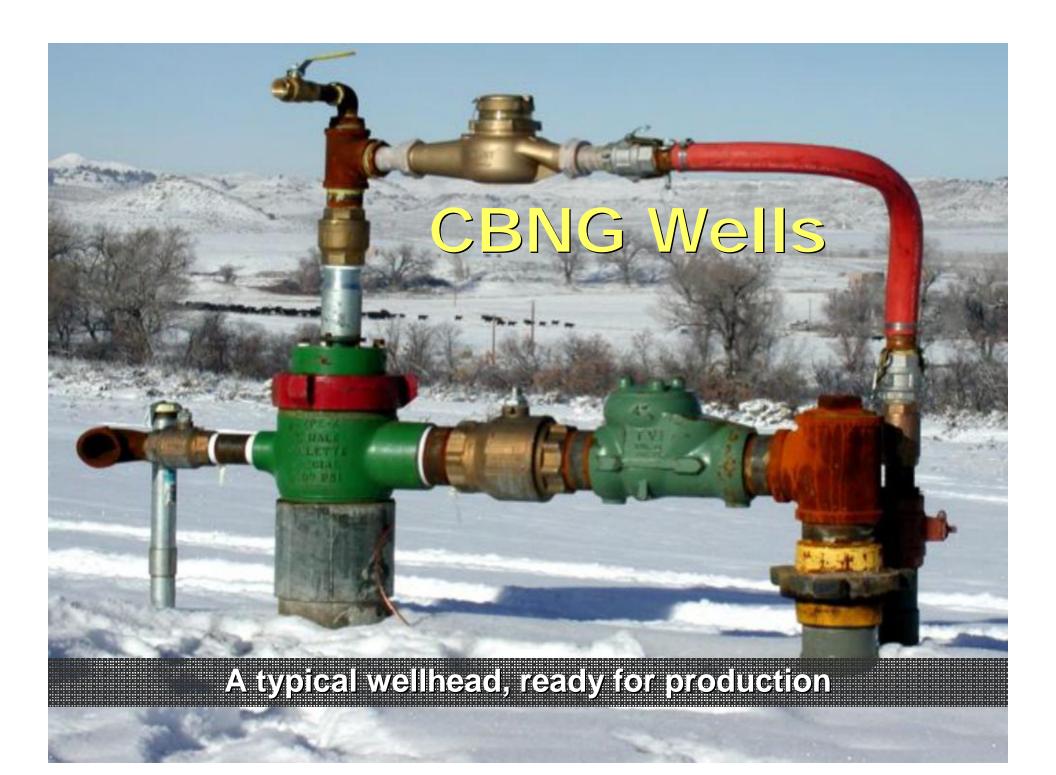
(NOT TO SCALE)





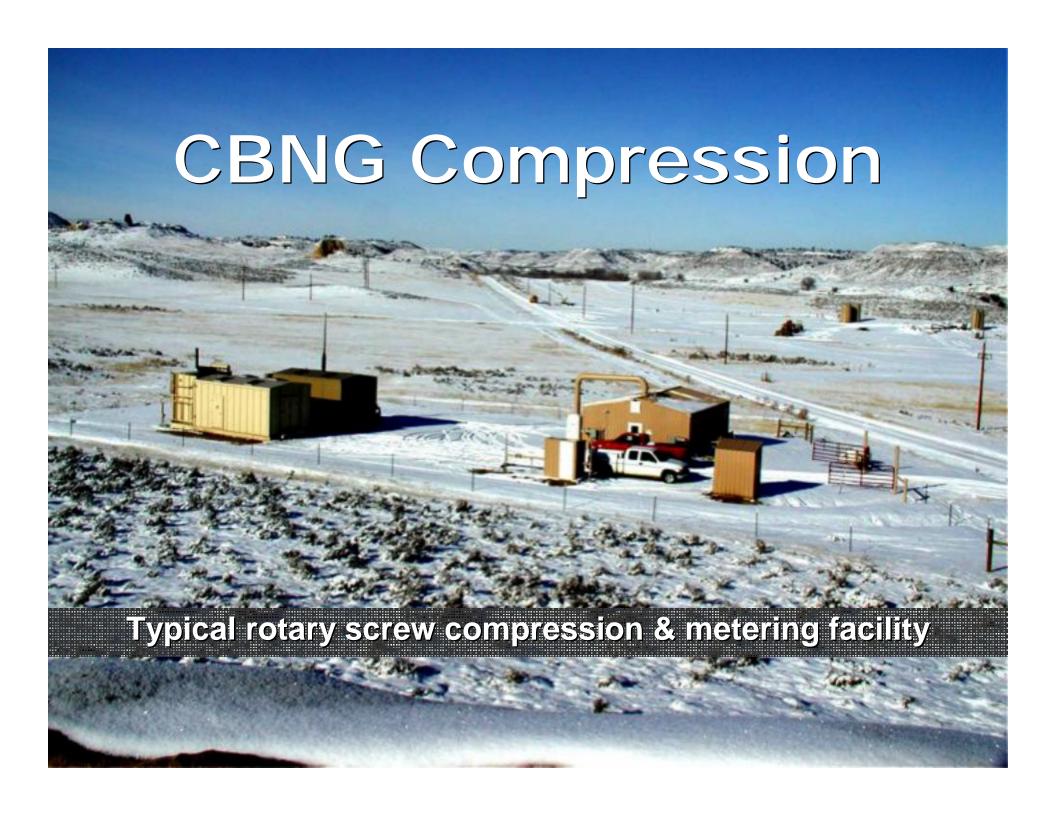






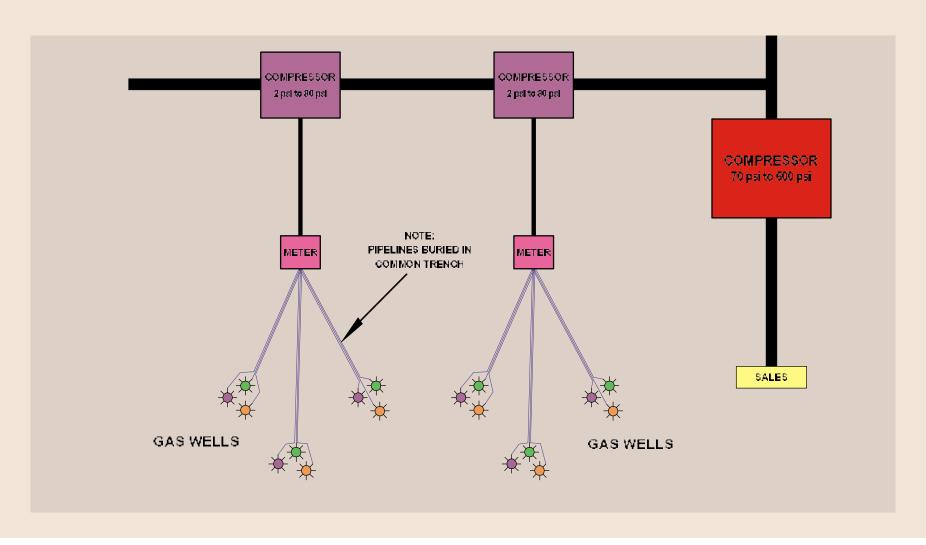






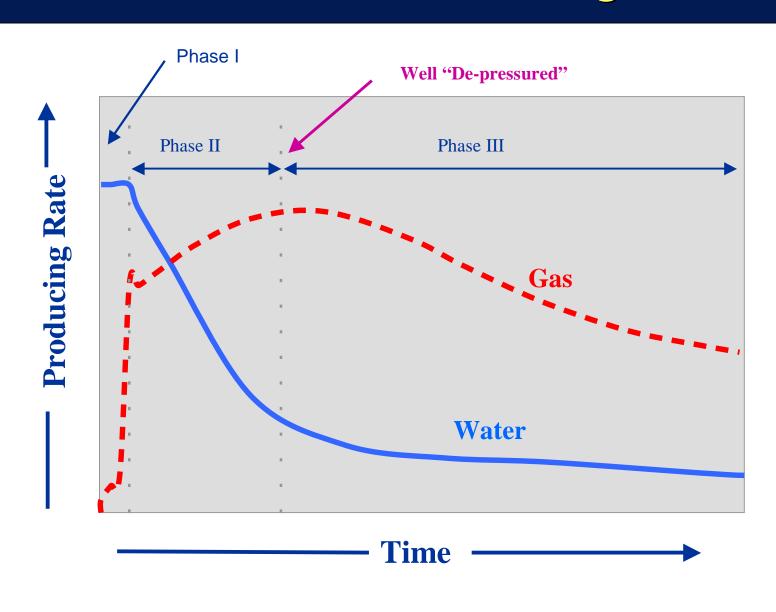
FIELD PIPELINES AND GAS COMPRESSION

(COLLECTION SYSTEM FROM WELL TO SALES)





CBNG Well Lifecycle



Water Quality

 The coalbed water released in the Powder River Basin is suitable and desirable for domestic, livestock, and wildlife purposes



Water Quality Concerns

- Salinity (affects plants)
 - Electrical conductivity or TDS
- Sodicity (affects soil)
 - Sodium Adsorption Ratio (SAR)



Fidelity's Tongue River Project Typical Water Quality

Electrical conductivity

Total dissolved solids

Sodium

Calcium

Magnesium

Sodium Adsorption Ratio

2130 µmhos/cm

1330 mg/l

535 mg/l

5.1 mg/l

1.7 mg/l

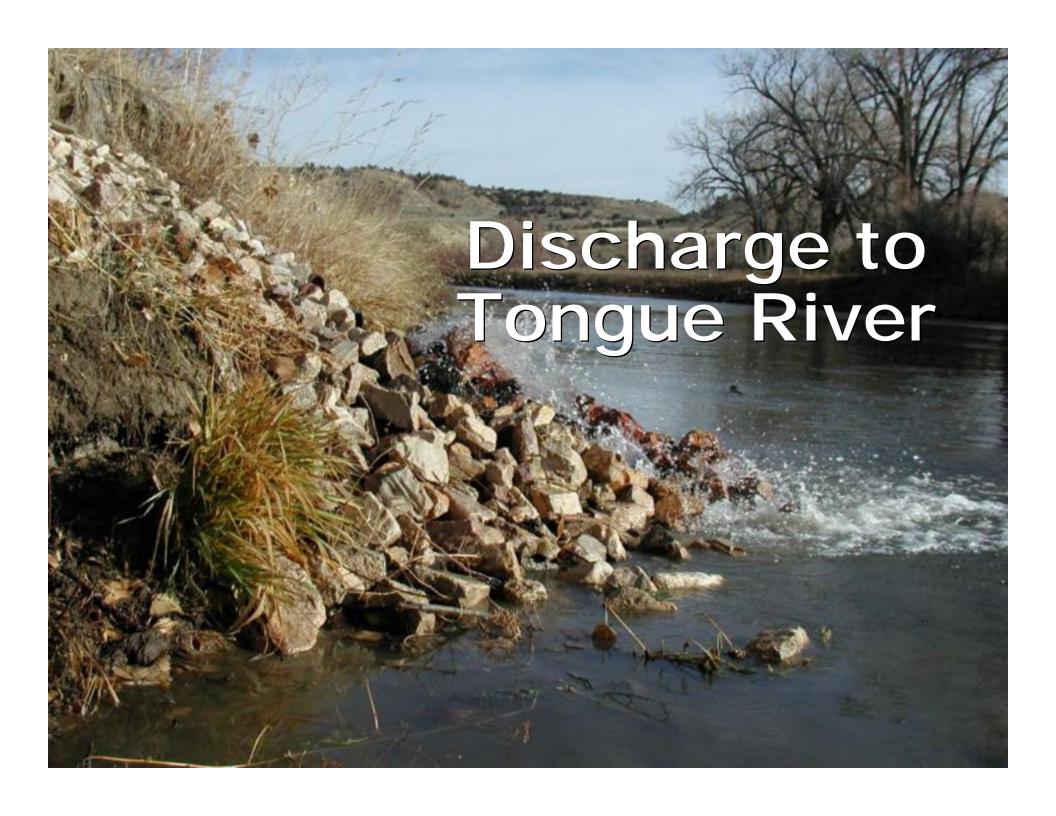
52.7



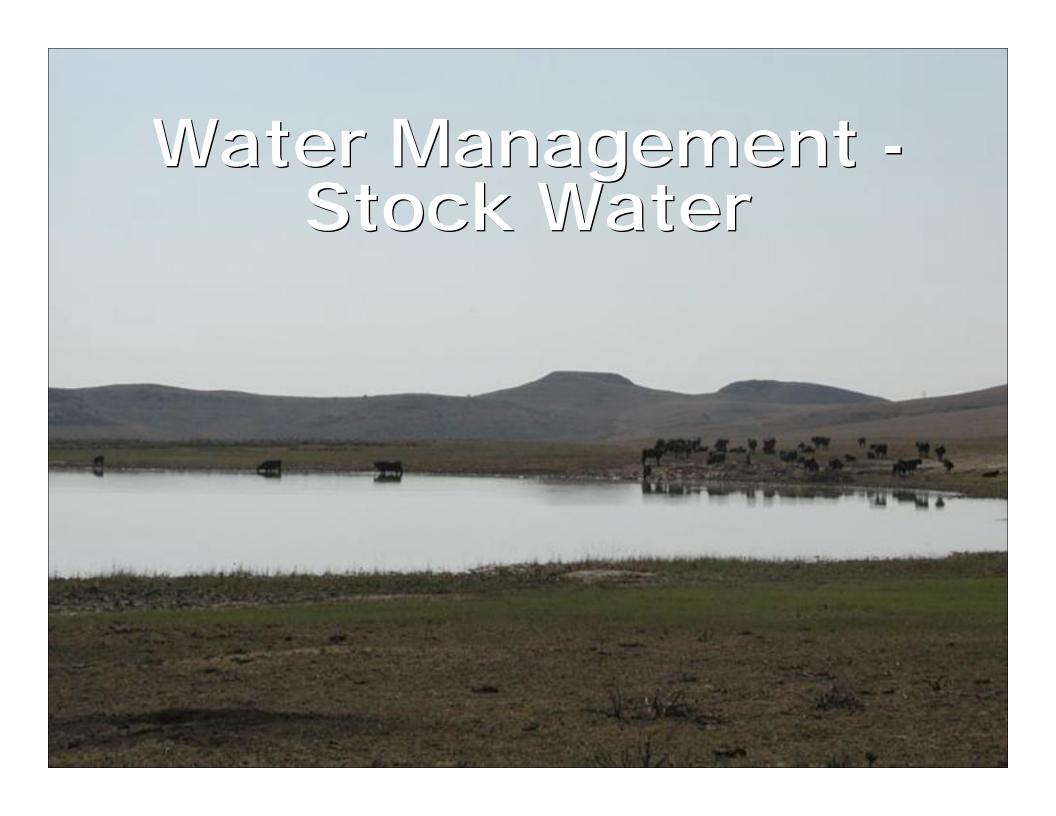
Fidelity Tongue River Water Management Plan

- Water Production ~ 1450 gpm
- Management tools
 - Direct, permitted discharge to Tongue River (< 1600 gpm limit)
 - Stock tanks and holding ponds
 - Dust control at mines
 - Managed Irrigation (currently WY only)













Managed Irrigation





Decision Factors

- Landowner needs & requirements
- Regulatory limits
- Water quality
- Soil type
- Land use
- Land use (downstream)

- Amount of water
- Terrain
- Timing of the project
- Economics of project



Fidelity's Tongue River Project

(near Decker, MT)

- Exploration began in 1997
- Pipeline constructed in 1998
- First production in 1999
- CBNG Litigation in 2000
- 456 wells producing approx. 32 MMCFD
- Over \$12.4 million paid in production tax



Fidelity Exploration & Production NUMBER OF PRODUCING CBNG WELLS IN MONTANA





Fidelity Exploration & Production MONTANA CBNG PRODUCTION

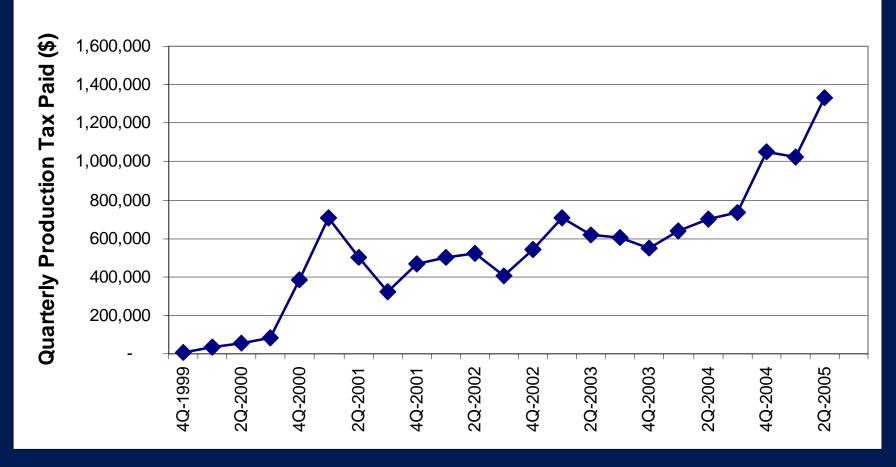




Economic Impact to Date Fidelity's Tongue River Project (near Decker, MT)

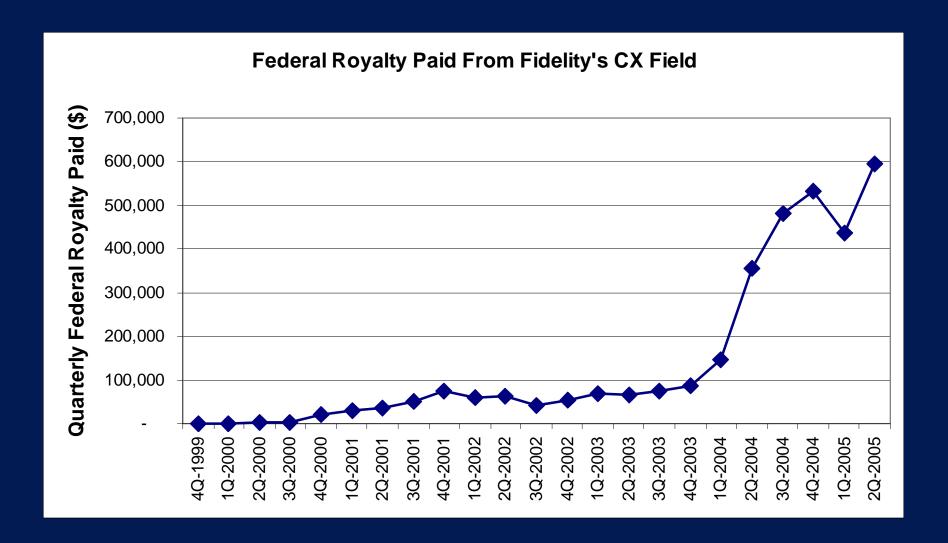






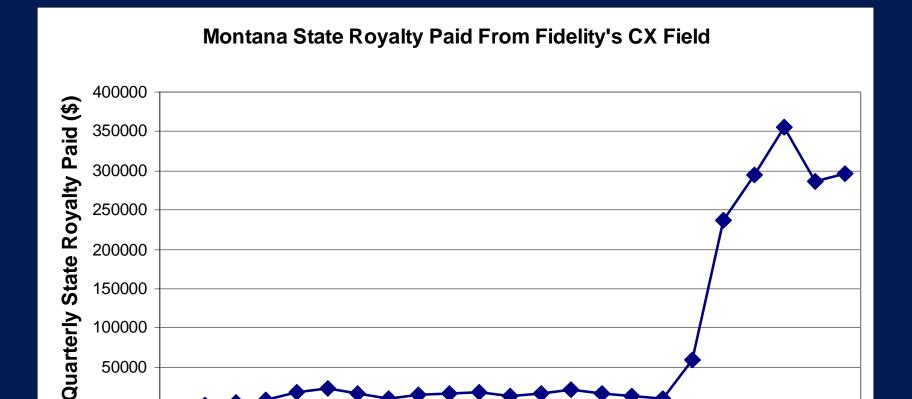
• \$12,477,000 paid in production tax





• \$3,284,000 paid in Federal royalty (50% to State of Montana)





1Q-2002

4Q-2001

3Q-2001

2Q-2002

3Q-2002

1Q-2003

3Q-2003

2Q-2003

4Q-2003

IQ-2004

2Q-2004

3Q-2004

4Q-2004

4Q-2002

• \$1,755,000 paid in State royalty (School Trust Lands)

4Q-2000

1Q-2001

2Q-2001

3Q-2000

2Q-2000

1Q-2000

4Q-1999



1Q-2005

2Q-2005

